

Message Text

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ACTION EUR-12

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USMISSION GENEVA
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TAGS: ETRD, UK, JA
SUBJECT: JAPANESE PERCENTAGE SHARE OF UK CAR MARKET
DECLINING, BUT SALES ARE UP 40 PERCENT

REF: A) LONDON 7479; B) LONDON 3938

1. THE JAPANESE SHARE OF THE UK CAR MARKET FOR THE
FIRST 7 MONTHS OF 1978 WAS 10.79 PERCENT, CONTINUING
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THE DOWNWARD TREND AND APPROACHING THE UK-JAPANESE
AGREED 1978 CEILING OF 10.6 PERCENT (I.E. THE 1977
JAPANESE MARKET SHARE).

2. HOWEVER, MITI'S "STRONG ADMINISTRATIVE GUIDANCE"
TO THE JAPANESE INDUSTRY IN MARCH CONTAINED A
SECOND UNDERTAKING TO INSURE THAT THE "NUMBER OF

PASSENGER CARS TO BE SHIPPED TO THE UK IN 1978 WILL NOT EXCEED THE LEVEL OF 1977" (REF B). SO, BRITAIN IS NOW IN A SITUATION IN WHICH ACTUAL 1978 SHIPMENTS TO THE UK ARE APPARENTLY BEING HELD DOWN, BUT THE NUMBER OF JAPANESE NEW CAR SALES HAS INCREASED 40.5 PERCENT IN THE FIRST 7 MONTHS OF 1978 OVER THE SAME PERIOD OF 1977. THIS IS BECAUSE OF THE VERY LARGE NUMBER OF JAPANESE CARS SHIPPED AT THE END OF 1977 AND CARRIED OVER UNSOLD UNTIL 1978. THE OTHER FACTOR KEEPING THE JAPANESE CAR MARKET SHARE DOWN IS THE GROWTH IN TOTAL CAR SALES FOR THE FIRST 7 MONTHS OF THIS YEAR COMPARED TO LAST YEAR.

3. THE HIGHER LEVEL OF NEW JAPANESE CAR REGISTRATIONS IN 1978 WILL PROBABLY BE PUT FORWARD AS A COMPLAINT TO THE JAPANESE MANUFACTURERS WHEN THE UK SOCIETY OF MOTOR MANUFACTURERS AND TRADERS MEET WITH THE JAPANESE AUTOMOTIVE MANUFACTURERS ASSOCIATION IN SEPTEMBER TO NEGOTIATE ON FUTURE IMPORT LEVELS, BUT IN FACT THE JAPANESE INDUSTRY APPEARS TO BE TECHNICALLY COMPLYING WITH MITI'S COMMITMENT TO THE UK. THE JAPANESE MARKET SHARE IS DROPPING TOWARD 10.6 PERCENT FOR THE 1978 YEAR AND SHIPMENTS ARE APPARENTLY RUNNING BELOW 1977 LEVELS.

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4. INTERESTINGLY, SALES OF CARS FROM OTHER EC COUNTRIES INCREASED FROM 26 PERCENT OF THE MARKET IN JULY 1977 TO 31 PERCENT THIS JULY. WHILE THE UNDERLYING CAUSES MAY BE SOMEWHAT DIFFERENT, THIS SITUATION SEEMS TO BE SIMILAR TO THE ONE OF SEVERAL YEARS AGO WHEN THE JAPANESE CAR MANUFACTURERS BACKED OFF UNDER PRESSURE AND THE VACUUM WAS LARGELY FILLED WITH ITALIAN, FRENCH, AND GERMAN CARS RATHER THAN INCREASED SALES OF UK CARS.

BREWSTER

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